



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2003 Assembly Bill 731

Assembly Amendment 1

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Under **current law**, a court can enforce a promise in the absence of a contract under the doctrine of promissory estoppel. For a court to employ promissory estoppel it must find that: (a) a person made a promise that he or she should reasonably expect to induce action or forbearance on the part of the recipient; (b) the recipient of the promise reasonably relied on such promise; and (c) that injustice can be avoided only by enforcement of the promise.

2003 Assembly Bill 731 ensures that certain promises by banks, savings banks, savings and loan associations, and affiliates of those financial institutions cannot be enforced in the absence of a written document. First, the bill prohibits the use of promissory estoppel to enforce a promise by those financial institutions to lend money, extend credit, modify a loan, or make other financial accommodation. Second, the bill prohibits a person from bringing a lawsuit against any of the listed financial institutions based on a promise to lend money, extend credit, modify a loan, or make other financial accommodation unless the promise is in writing, signed by the financial institution, setting forth the relevant terms and conditions. Both of these prohibitions do not apply to transactions subject to the Wisconsin Consumer Act.

Assembly Amendment 1 adds credit unions to the list of financial institutions given protections by the bill.

On February 19, 2004, the Assembly Committee on Financial Institutions adopted Assembly Amendment 1 by a vote of Ayes, 16; Noes, 0.

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